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11 December 1954

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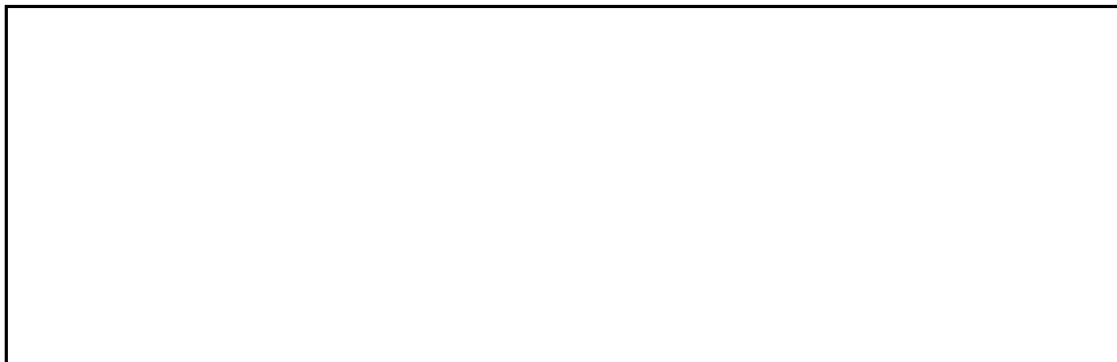
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CENTRAL INTELLIGENCE AGENCY

25X1



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SUMMARY**GENERAL**

1. Comment on Soviet note of 9 December (page 3).
2. Soviet UN delegation reported regretting Chinese spy charges (page 3).

FAR EAST

3. Comment on recent defections from Rhee's Liberal Party (page 4).

SOUTHEAST ASIA

4. Sainteny describes his "experiment in coexistence" (page 5).

25X1

WESTERN EUROPE

6. Mendes-France may agree to arms reduction to win big majority for Paris agreements (page 7).

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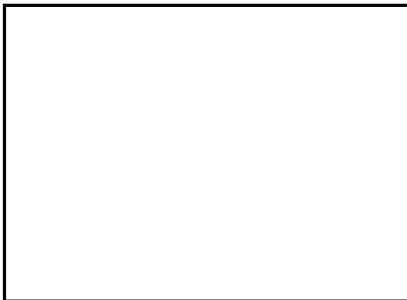
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GENERAL

1. Comment on Soviet note of 9 December:

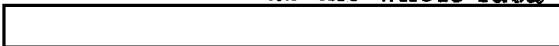
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The Soviet note of 9 December to the Western powers is an attempt to direct increased Western--and particularly French--attention to the Moscow conference declaration which, as the Soviet press has recognized, made little impression in Western Europe. The note makes no new proposal, but

repeats in slightly stronger language the threats made at the conference that ratification of the Paris agreements would lead to a strengthening of Orbit military forces and "exclude the possibility" of agreement on German unification. The note describes as attempts to deceive public opinion Western statements that ratification would not interfere with agreement on Germany.

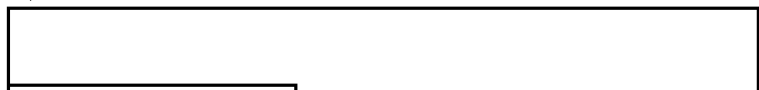
The unchanging Soviet position on Austria indicated in this note was forecast by Deputy Foreign Minister Gromyko's answer to the French chargé on 7 December: "You know our position on Austria." Current Soviet and French Communist propaganda is attacking the French demarche on Austria as well as the whole idea of "parallel negotiations."



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2. Soviet UN delegation reported regretting Chinese spy charges:

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the Soviet delegation was spreading the word it was very unhappy that the case of the American fliers had

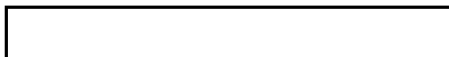
been brought up in the Assembly. The Soviet diplomats are reported to have stated this affair had upset their timetable in the development of a peaceful atmosphere for coexistence, and that the Soviet Union regretted the Chinese action and was using its influence to get Peiping to release the fliers.

11 Dec 54

CURRENT INTELLIGENCE BULLETIN

Page 3

Approved For Release 2005/06/01 : CIA-RDP79T00975A001800370001-1



Comment: The USSR rarely admits that the Chinese have erred and in the past has usually disclaimed any ability to change the policies of its independent Asian ally. This professed displeasure with the Chinese tactic also is in contrast to Moscow's vigorous championship of the Chinese charges in the bitter UN debate and in its propaganda. It is possible that Western unity on this issue has caused Moscow to make a behind-the-scenes play to regain the current Communist posture of conciliation and reasonableness.

[REDACTED] Sobolev of the Soviet delegation told a [REDACTED] that the Soviet mission did not know the American airmen had been imprisoned until it read about them in the newspapers. He said his delegation was urgently seeking instructions from Moscow. The Moscow press was slow in commenting on the Chinese charges, waiting almost two weeks before Pravda charged the United States with utilizing the UN to cover its espionage activities. [REDACTED]

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FAR EAST

3. Comment on recent defections from Rhee's Liberal Party:

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[REDACTED] The defection of 12 South Korean legislators from the Liberal Party on 9 December resulted from long-standing antagonism in the legislature because of Rhee's constitutional amendments, which impair the already truncated authority of the legislature, and because of the meager patronage and cabinet representation permitted Liberal Party members of the assembly. Defection of from eight to ten additional Liberal assemblymen is anticipated during the next few weeks.

The dispute basically arises out of Rhee's practice of favoring nonassembly members of his Liberal Party in the top party posts, as well as his bringing nonparty members into his cabinet. Rhee does this in order to perpetuate his domination of Korean politics through personal control of patronage and of the ministries.

Rhee's Liberal Party still holds 124 of the assembly's 203 seats. Nearly one third of these voted with the opposition on 8 December to defeat the Liberal-sponsored censure motion against assembly vice speaker Kwak Sang-hun, an independent. Taken along with the defections, this vote suggests that Rhee's control over the assembly is weakening and that he may encounter increasing difficulty in obtaining legislative support for his program. Nevertheless, Rhee's recent threats that "competent authorities" would severely punish the "traitors" who criticize his policies indicate his recognition of the problem facing him, and that he is prepared to employ whatever force may be required to have his way and, if necessary, perhaps even to rule by decree.

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SOUTHEAST ASIA

4. Sainteny describes his "experiment in coexistence":

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Jean Sainteny, French delegate to the Viet Minh, told General Collins on 8 December that his mission in Tonkin was to maintain French economic and cultural interests in northern Vietnam and to conduct an experiment in "cohabitation or coexistence." He felt that an arrangement with the Viet Minh permitting French businesses to operate on equal terms with Viet Minh firms and to transfer their profits might serve as a model for the eventual operation of Western capitalist firms in other Communist countries. General Ely, who was also present, said this was Sainteny's interpretation of his mission, not the French government's, and later told Collins that Sainteny had "put on a poor show."

Sainteny said it was a mistake to encourage the evacuation of anti-Communist refugees from the north, since these are the persons who would be most inclined to vote against the Viet Minh. At the same time he admitted he knew of no precedent for free elections under a Communist regime.

Comment: A late press report from Saigon states that an agreement has been signed by Sainteny and Viet Minh authorities under which the latter agree not to discriminate against French firms. The signing of such an agreement does not necessarily reflect a change in the policy of the Viet Minh, which has been lavish in its promises to French interests but frugal in its concrete concessions.

Sainteny's opposition to the evacuation of non-Communists from the north is apparently part of a policy of eliminating Viet Minh grievances against the French, in the hope of enhancing the prospects of peaceful coexistence. General Ely, who has been working closely with General Collins, was apparently embarrassed by the thesis set forth by Sainteny, who is responsible directly to Paris.

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WESTERN EUROPE

6. Mendes-France may agree to arms reduction to win big majority for Paris agreements:

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In order to secure a "massive majority" for the Paris agreements in the National Assembly's ratification vote, Premier Mendes-France might accept a vague resolution on armaments reduction if the pressure for conditional ratification is very great.

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Comment: Mendes-France's renewed insistence on having a large majority may influence him to accept what he might consider a "harmless" assembly resolution calling for arms reduction. Such a resolution might, however, have the effect of making implementation of the Paris accords conditional on arms reduction.

Meanwhile, the opponents of German rearmament will probably try to use the fact that the Paris accords squeezed through the assembly's Foreign Affairs Committee on 10 December by a one-vote plurality to urge postponement of the assembly debate on the accords or, at least, conditional ratification.